



CITY OF CAMDEN, MISSOURI

YEAR ENDED JUNE 30, 1998

**From The Office Of State Auditor  
Claire McCaskill**

Report No. 99-15  
March 18, 1999

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

**Some problems were discovered as a result of an audit conducted by our office in response to the request of petitioners from Camden, Missouri.**

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**NOTE:** Recommendations as well as responses from the city which correspond with the findings below are included in the audit.

**The city did not have formal written bid policies and procedures. Also, the city did not have any written agreements with any contractors or individuals who provided street related services. Invoices relating to street services were somewhat incomplete listing only the numbers of hours worked by individuals, and not listing days worked or locations where work was performed.**

**The Board of Aldermen had not been reviewing and approving the payment of city expenditures prior to disbursements being made. The board simply reviewed previous month expenditures. Expenditures made from city funds should be reviewed and approved by the Board of Aldermen before payment is made to ensure all disbursements represent valid operating costs of the city.**

**The board had not appointed an individual to serve as City Treasurer or City Collector. The City Clerk is currently serving as both City Treasurer and City Collector. An Attorney General's Opinion concludes that one person holding any more than one of these offices doesn't ensure a system of checks and balances intended by state law.**

**Furthermore, receipt slips were not being issued for monies received by the city. To adequately account for all receipts, prenumbered receipt slips should be issued for all monies received.**

**Two instances are noted in which individuals did not meet the statutory qualifications for holding city office when elected.**

**In April 1998, Alderwoman Cravens was nineteen when she was elected to the board. By law she should have been at least twenty-one years of age.**

**In April of 1997, Alderman Edelbrock was elected Mayor even though he wasn't a registered voter of the city until March 1998. Mr. Edelbrock resigned as Mayor in April of 1998, and was appointed to serve on the board of Alderman after he registered to vote.**

**Historical information regarding Camden City Government can be found on pages 4-5.**

YELLOW SHEET

CITY OF CAMDEN, MISSOURI

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**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Honorable Mayor  
and  
Board of Aldermen  
City of Camden  
Camden, Missouri 64017

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Camden, Missouri. Our audit of the city included, but was not limited to, the year ended June 30, 1998. The objectives of this audit were to:

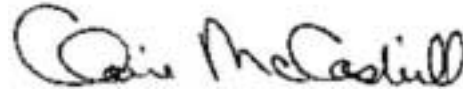
1. Perform procedures we deemed necessary to evaluate the petitioners' concerns.
2. Review compliance with certain constitutional provisions, statutes, ordinances, and attorney general's opinions as we deemed necessary or appropriate in the circumstances.
3. Review certain management practices which we believe could be improved.

Our audit was made in accordance with generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. We also reviewed board minutes, city policies and ordinances, and various city financial records.

Our audit was limited to the specific matters described above and was based on the selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention which would have been included in this report.

The accompanying History and Organization is presented for informational purposes. This information was obtained from the city and was not subjected to the auditing procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings and recommendations arising from our audit of the city of Camden, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

December 18, 1998

## HISTORY AND ORGANIZATION

CITY OF CAMDEN, MISSOURI  
HISTORY AND ORGANIZATION

The city of Camden is located in Ray County. It was incorporated in 1846 and is a fourth-class city. The population of the city in 1990 was 238.

The city government consists of a mayor and a four-member board of aldermen. The four board members are elected for two-year terms. The mayor is elected for two years, presides over the board of aldermen, and votes only in case of a tie. The Mayor, Board of Aldermen, and other principal officials at June 30, 1998, were:

Elected Officials	Term Expires	Actual Compensation for the Year Ended June 30, 1998	Amount of Bond
Patricia Richardson, Mayor	April 1999	\$ 325 (3)	
Dana Cravens, Alderwoman	April 1999	60	
Dale Dunwoodie, Alderman (1)	April 1999	265 (3)	
Zane Edelbrock, Alderman	April 2000	525 (3)	
James Happy, Alderman (2)	April 2000	0	
<u>Other Principal Officials</u>			
Sharon Dailey, City Clerk		2,811 (4) \$	10,000
George Lehnert, City Attorney		540	

(1) Resigned in September 1998. John Rinkenbaugh was appointed in October 1998.

(2) James Happy elected not to take compensation. He resigned in September 1998 and Gene Wyse was appointed to replace him in October 1998.

(3) Includes a \$25 Christmas bonus.

(4) Includes a \$50 Christmas bonus.

Assessed valuation and tax rate information for 1998 and 1997 are as follows:

ASSESSED VALUATION

		1998	1997
Real estate	\$	415,150	416,240
Personal property		223,275	251,925
Railroad and utilities		291,138	268,170
Total	\$	<u>929,563</u>	<u>936,335</u>

TAX RATES PER \$100 ASSESSED VALUATION

General	\$	.48	.47
Street		<u>1.36</u>	<u>1.34</u>

Total	\$	<u>1.84</u>	<u>1.81</u>
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A summary of the financial activity for the city of Camden for the year ended June 30, 1998, is presented below:

	General Fund	Street Fund	Total
RECEIPTS			
Property taxes	\$ 4,571	12,518	17,089
Franchise taxes	0	3,250	3,250
Motor fuel taxes	0	9,280	9,280
City stickers	0	360	360
Licenses	275	0	275
Farm income	1,622	0	1,622
Rent	500	0	500
Interest	0	289	289
Loan from Street Fund	600	0	600
Other	2	125	127
Total Receipts	<u>7,570</u>	<u>25,822</u>	<u>33,392</u>

DISBURSEMENTS			
Salaries and payroll taxes	4,448	0	4,448
Contract labor	63	4,185	4,248
Street lights	0	4,305	4,305
Utilities	609	0	609
Attorney fees	540	0	540
Fire protection	0	900	900
Insurance	50	409	459
Street signs	0	1,844	1,844
Street materials	0	2,360	2,360
Postage	152	0	152
Election costs	146	0	146
Farm expenses	1,004	0	1,004
Equipment maintenance and repair	0	851	851
Equipment	0	360	360
911 services	0	100	100
Loan to General Fund	0	600	600
Other	940	462	1,402
Total Disbursements	<u>7,952</u>	<u>16,376</u>	<u>24,328</u>



RECEIPTS OVER (UNDER) DISBURSEMENTS	-382	9,446	9,064
CASH BALANCE, JULY 1,	<u>1,802</u>	<u>17,381</u>	<u>19,183</u>
CASH BALANCE, JUNE 30,	\$ <u><u>1,420</u></u>	<u><u>26,827</u></u>	<u><u>28,247</u></u>

## MANAGEMENT ADVISORY REPORT

CITY OF CAMDEN, MISSOURI  
SUMMARY OF FINDINGS

1. Expenditures (pages 9-11)

The city does not have a formal bidding policy. The Board of Aldermen does not review and approve the payment of city expenditures prior to the disbursements being made. The city did not have any written agreements with any contractors or individuals who provided street-related services and the related invoices were not adequate. Instances were noted in which expenses related to General Fund activities were paid from the Street Fund; however, these amounts were offset by unrestricted revenues deposited to the Street Fund. The receipt of goods and services was not always indicated on invoices prior to being approved for payment.

2. Payments to City Officials and Payroll Matters (pages 11-13)

In addition to the regular compensation allowed, additional payments totaling approximately \$4,000 were made to various former or current city officials. In December 1997, the city's elected officials and City Clerk received Christmas bonuses of \$25 and \$50, respectively. The city did not properly report the total compensation paid, withhold payroll taxes, or pay the employer's share of social security on salaries and bonuses paid the Board of Aldermen and City Clerk. The City Clerk is not required to submit a monthly time sheet. Ordinances have not been adopted to establish the compensation and duties of the city's elected officials and the City Clerk.

3. Budgets and Financial Reporting (pages 13-14)

The city does not prepare or adopt annual budgets, and semi-annual financial statements have not been published as required by state law.

4. Qualifications of City Officials (page 14)

Two instances were noted in which individuals did not meet the statutory qualifications for holding city office when elected.

5. Accounting Controls and Procedures (pages 15-16)

The board has not appointed separate individuals to serve as City Treasurer or City Collector. Receipt slips are not issued for monies received by the city and the method of payment is not recorded. Checks are not restrictively endorsed immediately upon receipt. The Mayor can sign checks but is not bonded.

6. Fixed Assets (pages 16-17)

The city does not maintain property records to account for its fixed assets. It appears the city gave a tractor to a local contractor in exchange for work done on the city's streets. In addition, the city allowed an individual who had been hired to do trimming work to keep a chainsaw owned by the city. No documentation could be located indicating the board approved either of these decisions.

7. Property Tax Procedures (pages 17-18)

Monthly and annual reports are not prepared summarizing the amount of property taxes collected as well as those that remain delinquent. Public hearings have not been held prior to establishing the property tax rates and the annual tax rates have not been established by ordinance.

8. Street Maintenance Plan (page 18)

An annual maintenance plan for city streets has not been prepared.

9. Board Minutes and Ordinances (pages 19-20)

The board minutes are not signed by either the City Clerk or the Mayor. The board minutes do not always adequately document matters discussed and actions taken. The city's ordinances are not complete and up-to-date. The city does not have a formal policy regarding public access to city records.

CITY OF CAMDEN, MISSOURI  
MANAGEMENT ADVISORY REPORT

<b>1.</b>	<b>Expenditures</b>
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- A. The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. During the past several years, bids were either not solicited or bid documentation was not retained in some instances. Examples include \$4,500 for a tractor, \$5,000 for a skid loader, and \$5,172 for street work and materials.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. Bids can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- B. The Board of Aldermen does not review and approve the payment of city expenditures prior to the disbursements being made. A financial report is prepared monthly by the City Clerk which includes a detailed listing of all expenditures by fund; however, the expenditures represent the preceding month's activities.

Expenditures made from city funds should be reviewed and approved by the Board of Aldermen before payment is made to ensure all disbursements represent valid operating costs of the city. In addition, to adequately document the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed or initialed by the aldermen to denote their approval, and retained with the official minutes.

- C. The city did not have any written agreements with any contractors or individuals who provided street-related services during the year ended June 30, 1998. Section 432.070, RSMo 1994, requires all contracts of the city to be in writing. A written contract is necessary to document the duties and responsibilities of both parties and to prevent misunderstandings.

In addition, the invoices submitted for street work listed only the total hours worked for a time period and did not generally include the days the work was performed, the specific work performed, or the location of the work. Invoices for street work should include sufficient detail to adequately document the time, nature, and location of any street work performed.

- D. We noted instances in which expenses related to General Fund activities totaling \$1,661 were paid from the Street Fund. These included attorney fees, fire protection, 911 services, farm expenses, and city hall utilities. In addition, in September 1997 the city loaned \$600 to the General Fund from the Street Fund due to the low cash balance in the General Fund. This money had not been repaid as of January 1999. However, it appears these amounts were more than offset by unrestricted (general) revenues which were deposited to the Street Fund or applied directly to expenses of the Street Fund. During the year ended June 30, 1998, city sticker revenues totaling \$352 were deposited to the Street Fund. In addition, utility franchise taxes totaling \$3,147 were netted by the utility company against the cost of electricity for the city's street lights.

The city should ensure expenses related to general municipal activities are paid from the General Fund and that restricted revenues deposited to the Street Fund are used only for street-related purposes. In addition, revenues not specifically restricted for street purposes should be deposited to the General Fund.

- E. Receipt of goods or services is not always indicated on the invoice prior to an expenditure being approved for payment. The documentation of the receipt of goods or services is necessary to ensure the city actually received the items or services being paid.

**WE RECOMMEND** the Board of Aldermen:

- A. Establish formal bidding policies and procedures, including documentation requirements regarding the bids or quotes received and justification for the bid selected.
- B. Review and approve the expenditure of city funds prior to the disbursements being made. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.
- C. Enter into written contracts for all services (including street-related work) which define the duties and responsibilities of both parties. In addition, the board should ensure invoices submitted for services include sufficient detail to adequately document the time, nature, and location of the work performed.
- D. Ensure restricted revenues deposited to the Street Fund are used only for street purposes. In addition, revenues not specifically restricted for street purposes should be deposited to the General Fund.
- E. Ensure the receipt of goods or services is indicated on invoices prior to them being approved for payment.

## **AUDITEE'S RESPONSE**

*A-E. The Board of Aldermen concurs.*

<b>2. Payments to City Officials and Payroll Matters</b>
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A. In addition to the regular compensation allowed to the city's elected officials, we noted the following additional payments to former or current city officials while they were serving as elected city officials:

- \* During the period January 1995 through April 1998, while serving as a city official, Alderman Edelbrock was paid a total of \$1,925 for snow removal and street work.
- \* During the period January 1995 through February 1996, former Mayor Schreier was paid a total of \$1,392 for street work.
- \* During the period April 1998 through September 1998, former Alderman Dunwoodie was paid \$588 for street work.
- \* During the period May 1995 to October 1995, former Alderwoman Pauley was paid \$100 for mowing.

These services were not bid and supporting documentation could not be located or was inadequate to support most of these transactions. In addition, authorization of this work was generally not documented in the board minutes.

Some of these payments also represent potential violations of state law. At the time these transactions occurred, Section 105.454, RSMo 1994, prohibited financial transactions between a city and an officer or employee (or spouse, dependent child, or business and corporate interest of the officer or employee) of that city that involved more than \$500 per year unless there had been public notice to solicit proposals and (except for real property) competitive bidding, provided that the bid or offer was the lowest received. In 1998, this threshold was changed to \$500 per transaction or \$1,500 per year.

In addition, none of these payments were reported on IRS 1099-Misc forms. Sections 6041 to 6051 of the Internal Revenue Code require that nonwage payments of at least \$600 in one year to an individual or unincorporated business be reported to the federal government on 1099-Misc forms.

B. In December 1997, the mayor and board members each received Christmas bonuses of \$25 and the City Clerk received a Christmas bonus of \$50. Similar bonuses were paid in 1996.

These bonuses appear to represent additional compensation for services previously rendered and, as such are in violation of Article III, Section 39 of the Missouri Constitution and Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

- C. For the year ended June 30, 1998, the city only reported, withheld payroll taxes, and paid the employer's share of social security on the regular wages paid to the City Clerk. Salaries paid to the elected city officials and bonuses paid were not reported nor were payroll taxes properly withheld and paid on these amounts. Similar problems were noted for the year ended June 30, 1997.

The Internal Revenue Code requires employers to report wages on W-2 forms and withhold federal income taxes. Similarly, Chapter 143, RSMo 1994, includes requirements for reporting wages and withholding state income taxes. State and federal laws require employers to withhold payroll taxes and pay the employer's share of social security on the compensation paid to employees. Section 105.300, RSMo 1994, defines an elective or appointive officer or employee of a political subdivision as an employee for social security tax purposes.

- D. The City Clerk is paid based on the number of hours worked; however, the city does not require that individual to submit a monthly time sheet or other detailed record as documentation to support the number of hours worked. Time sheets or similar records are necessary to document hours actually worked, substantiate payroll expenditures, and provide the board with a method to monitor hours worked.
- E. The city has not adopted ordinances to establish the compensation and duties of the city's elected officials and the City Clerk. Sections 79.270 and 79.290, RSMo 1994, require the compensation and duties of city officials and employees to be set by ordinance.

**WE RECOMMEND** the Board of Aldermen:

- A. Refrain from entering into business transactions with city officials unless such services or transactions are properly bid in accordance with state law. In addition, the board should ensure such payments are reported to the IRS, if applicable.
- B. Discontinue paying Christmas bonuses to elected city officials and employees.
- C. Ensure all compensation paid to city officials is properly reported and appropriate payroll taxes are withheld and paid. In addition, the city should consider filing amended W-2 forms for the unreported employee compensation.



- D. Require the City Clerk to prepare monthly time sheets or other similar documentation to support the hours worked.
- E. Establish the duties and compensation of all city officials and employees by ordinance as required by statute.

### **AUDITEE'S RESPONSE**

- A. *The Board of Aldermen concurs and indicated the snow removal services were bid out this year.*
- B. *The Board of Aldermen concurs and indicated such bonuses were not paid in December 1998.*
- C. *The Board of Aldermen indicated it will implement this recommendation effective in 1999.*
- D. *The Board of Aldermen indicated this recommendation has already been implemented.*
- E. *The Board of Aldermen concurs.*

<b>3. Budgets and Financial Reporting</b>
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- A. The city does not prepare and adopt annual budgets. Section 67.010, RSMo 1994, requires the preparation of an annual budget which shall present a complete financial plan for the ensuing year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for each area of city operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations by fund, and include the beginning available resources and reasonable estimates of ending available resources. The budget should also include a budget message and comparisons of actual or estimated revenues and expenditures for the two preceding fiscal years.

- B. The city has not published semi-annual financial statements as required by state law. Section 79.160, RSMo 1994, requires the board of aldermen to prepare and publish semi-annual financial statements. These financial statements are to include a statement of receipts and expenditures and indebtedness of the city for the preceding six month period. In addition, Section 79.165, RSMo 1994, states the city cannot legally disburse funds until the financial statement is published.

**WE RECOMMEND** the Board of Aldermen:

- A. Prepare annual budgets in accordance with state law, and make periodic comparisons between budgeted and actual revenues and expenditures.
- B. Publish semi-annual financial statements as required by state law.

**AUDITEE'S RESPONSE**

*A&B. The Board of Aldermen concurs.*

<b>4. Qualifications of City Officials</b>
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Two instances were noted in which individuals did not meet the statutory qualifications for holding city office when elected as follows:

- A. Alderwoman Cravens was nineteen when she was elected in April 1998 to a one-year term to complete the term of an open seat on the Board of Aldermen. Section 79.070, RSMo 1994, provides that no person shall be an aldermen unless that individual is at least twenty-one years of age.
- B. Alderman Edelbrock was elected Mayor in April 1997; however, he did not become a registered voter of the city until March 1998. Alderman Edelbrock also served on the Board of Aldermen prior to being elected Mayor.

Elected city officials are required to be registered voters of that particular municipality. Section 79.250, RSMo 1994, states that "All officers...shall be voters under the laws and constitution of this state and the ordinances of the city... except that appointed officers need not be voters of the city."

Mr. Edelbrock resigned as Mayor in April 1998 and was subsequently appointed to serve on the Board of Aldermen. He did meet the voter qualification to hold office at the time of this appointment.

**WE RECOMMEND** the Board of Aldermen ensure candidates for city office possess the statutory qualifications for holding office.

**AUDITEE'S RESPONSE**

*The Board of Aldermen concurs.*

**5.****Accounting Controls and Procedures**

- A. The board has not appointed individuals to serve as City Treasurer or City Collector. The City Clerk is currently serving as the City Treasurer and City Collector. She collects all receipts, maintains receipt and disbursement records, makes bank deposits, signs checks, reconciles the bank accounts, and serves as secretary to the board. Neither the board nor other personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by the City Clerk.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these three offices, by the same person at the same time would be incompatible. One person holding all of these offices does not allow the separation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law.

- B. Our review of the controls over receipts noted the following concerns:
1. Receipt slips are not issued for monies received by the city. To adequately account for all receipts, prenumbered receipt slips should be issued for all monies received and the numerical sequence should be accounted for properly.
  2. The method of payment received (i.e. cash, check, money order) is not recorded on the receipts ledger. To ensure all receipts have been recorded properly and deposited intact, the method of payment received should be recorded on each receipt slip and the composition of receipt slips should be reconciled to the composition of bank deposits.
  3. Checks are not restrictively endorsed immediately upon receipt. Instead, they are endorsed when the deposit is made. To reduce the risk of loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt.
- C. The Mayor can sign checks but is not bonded. Failure to adequately bond all persons with access to assets exposes the city to risk of loss.

**WE RECOMMEND** the Board of Aldermen:

- A. Consider appointing separate individuals to the positions of City Treasurer and City Collector. At a minimum, there should be a documented periodic supervisory review of the City Clerk's records, including the bank reconciliations.

- B.1. Require prenumbered receipt slips to be issued for all monies received, and ensure the numerical sequence of receipt slips is accounted for properly.
- 2. Ensure the method of payment is recorded on each receipt slip and the composition of receipts is reconciled to the composition of bank deposits.
- 3. Restrictively endorse all checks immediately upon receipt.
- C. Consider obtaining bond coverage for the Mayor or any other city official authorized to sign checks.

**AUDITEE'S RESPONSE**

- A. *The Board of Aldermen indicated an individual on the board has recently been performing a review of the City Clerk's records. This will be documented in the future.*
- B.1.  
&2. *The Board of Aldermen concurs.*
- 3. *The Board of Aldermen indicated this recommendation has already been implemented.*
- C. *The Board of Aldermen concurs.*

<b>6. Fixed Assets</b>
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- A. The city does not maintain property records to account for its fixed assets. In addition, the city has not tagged or otherwise identified items as belonging to the city.  
  
Property records for general fixed assets are necessary to ensure accountability for all items purchased and owned by the city and provide a basis for determining adequate insurance coverage.
- B. During our review of fixed asset purchases and dispositions, we noted the following concerns:
  - 1. During the fall of 1997, it appears the city gave a tractor to a local contractor in exchange for work done on the city's streets. No records could be located by the city to support this transaction or to document that the board approved the exchange of this property for services. In addition, no records were available to support the value of the tractor when disposed of; however, the contractor indicated he allowed approximately \$1,200 for the value of the tractor.

2. In July 1996, the city purchased a lightweight chainsaw for \$115 to be used to trim trees and shrubs. In March 1998, the city purchased a heavier duty chainsaw. According to an alderman, the city allowed the individual who had been hired to do the trimming work to keep the lightweight chainsaw because it was worn out. No documentation could be located indicating the board approved this decision.

The Board of Aldermen should review these transactions and determine whether these property dispositions were valid and appropriate. In addition, in the future, board approval of the disposition of city assets should be obtained and documented in the minutes.

**WE RECOMMEND** the Board of Aldermen:

- A. Establish property records for its general fixed assets that record all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent transactions. In addition, the city should properly tag or otherwise identify all city property.
- B. Review the circumstances surrounding the disposition of these property items and determine if the dispositions were valid and appropriate. In addition, in the future, board approval should be obtained and documented related to the disposal of any city-owned property.

**AUDITEE'S RESPONSE**

*A&B. The Board of Aldermen concurs.*

<b>7. Property Tax Procedures</b>
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- A. The City Clerk's duties include collecting and depositing property tax receipts. Monthly and annual reports are not prepared summarizing the amount of property taxes collected as well as those that remain delinquent.

Sections 79.310, 94.320, and 94.330, RSMo 1994, require reports to be submitted to the board of aldermen indicating the amount of taxes collected and taxes remaining delinquent. The board is to examine and approve the lists and charge the tax collector with the collection of the delinquent taxes. Section 94.330, RSMo 1994, also provides that the board may declare worthless any and all personal delinquent taxes which they may deem uncollectible.

Monthly and annual reports which comply with state law would help provide assurance taxes have been properly collected, written off, or determined to be delinquent.

- B. Public hearings have not been held prior to establishing the property tax rates. Section 67.110, RSMo 1994, states at least one public hearing is to be held on proposed rates of tax prior to the board's approval of the rates. Also, the board did not establish the annual tax rates by ordinance as required by Section 94.210, RSMo 1994.

**WE RECOMMEND** the Board of Aldermen:

- A. Require monthly and annual reports of property taxes collected and delinquent as required by state law.
- B. Ensure public hearings are held on proposed property tax rates and establish the annual levies by ordinance as required by state law.

**AUDITEE'S RESPONSE**

*A&B. The Board of Aldermen concurs.*

<b>8. Street Maintenance Plan</b>
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An annual maintenance plan for city streets has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

**WE RECOMMEND** the Board of Aldermen prepare a formal maintenance plan for city streets at the beginning of the fiscal year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

**AUDITEE'S RESPONSE**

*The Board of Aldermen concurs.*

**9.****Board Minutes and Ordinances**

- A. The board minutes are prepared by the City Clerk; however, the minutes are not signed by either the City Clerk or the Mayor. The board minutes should be signed by the City Clerk as preparer and by the Mayor to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.
- B. The board minutes do not always adequately document matters discussed and actions taken. For example, in April 1998 the mayor resigned; however, at that same meeting this individual was apparently appointed to an open seat on the Board of Aldermen. While the resignation was documented in the minutes, the vote related to the subsequent appointment was not. In another instance, the board minutes did not document an alderman's refusal to accept compensation for serving as a board member. In addition, the minutes did not include some information required by state statute. There were numerous instances where the minutes indicated that a decision was made but did not indicate the number of votes for and against.

Section 610.020, RSMo 1994, states that the minutes shall include the date, time, place, members present, members absent, and a record of votes taken. Complete and accurate minutes provide an official record of board actions and decisions.

- C. The city's ordinances are not complete and up-to-date. It appears some of the city's ordinances are missing while others are old and outdated. In addition, as noted in other parts of this report, ordinances have not been adopted in some instances where required. For example, the city has not adopted ordinances to establish the compensation and duties of city officials or to establish the annual property tax rates as required by law.

Since ordinances represent legislation which has been passed by the Board of Aldermen to govern the city and its residents, it is important that the ordinances be maintained in a complete and up-to-date manner.

- D. The city does not have a formal policy regarding public access to city records. A formal policy regarding access to and obtaining copies of city records would establish guidelines for the city to make the records available to the public. This policy should establish a person to contact and an address to mail such requests, and should establish a cost for providing copies of public records.

Section 610.023, RSMo 1994, lists requirements for making city records available to the public. Section 619.026, RSMo 1994, allows the city to charge fees for copying public records, but the fees shall not exceed the city's actual cost of document search and duplication.

**WE RECOMMEND** the Board of Aldermen:

- A. Ensure board minutes are signed by the Mayor and the City Clerk to attest to their completeness and accuracy.
- B. Ensure all significant discussions, actions taken, and information required by state law are included in the minutes.
- C. Ensure a complete and up-to-date set of ordinances is maintained. This would include passing new ordinances where appropriate and required.
- D. Establish a formal written policy and procedures regarding public access to city records.

**AUDITEE'S RESPONSE**

- A. *The Board of Aldermen indicated this recommendation has already been implemented.*
- B-D. *The Board of Aldermen concurs.*

This report is intended for the information of the city's management and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

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